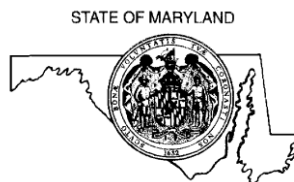


Marilyn Moon, Ph.D.
CHAIR



Rex W. Cowdry, M.D.
EXECUTIVE DIRECTOR

MARYLAND HEALTH CARE COMMISSION
4160 PATTERSON AVENUE – BALTIMORE, MARYLAND 21215
TELEPHONE: 410-764-3460 FAX: 410-358-1236

MARYLAND HEALTH CARE COMMISSION

Thursday, February 21, 2008

Minutes

Chair Moon called the meeting to order at 1:15 p.m.

Commissioners present: Conway, Falcone, Jefferson, McLean, Olsen, Ontaneda-Bernales, Petty, Pollak, Sensabaugh, and Wilensky.

ITEM 1.

Approval of the Minutes

Commissioner Conway made a motion to approve the minutes of the January 17, 2008 meeting of the Commission, which was seconded by Commissioner Sensabaugh and unanimously approved.

ITEM 2.

Update of Activities

David Sharp, Center Director for Health Information Technology, announced the addition of two new staff members. Cindy Friend filled the open Division Chief position and has more than ten years experience in health care and health information technology. Her credentials include a Masters in Nursing and a Masters in Business Administration. Kathleen Francis filled the open health IT analyst position and has held various senior level management positions in health IT since 1973. Her credentials include a Masters in Business Administration. He also announced the release of the 2007 Practitioner and Hospital EDI Review, which provides an overview of electronic data interchange in Maryland.

ITEM 3.

ACTION: Certificate of Need – Clifton T. Perkins Hospital, Docket No. 07-13-2226

Paul Parker, Chief, Certificate of Need, said that Clifton T. Perkins Hospital applied for a Certificate of Need to expand the licensed bed capacity by 48 beds. He said the hospital is a 250-bed forensic psychiatric hospital operated by the Mental Hygiene Administration and is

located in Howard County. He also said the hospital currently has 170 licensed beds in the maximum-security wing and 80 beds in the medium-security north wing. Mr. Parker said, if approved, the 48 new special hospital-psychiatric beds would be located in a new section of the maximum security wing at the hospital center costing about \$19,815,968 to construct. Staff recommended the Commission approve the Department of Health and Mental Hygiene's Certificate of Need application to increase the maximum-security capacity at Perkins by 48 beds, and to undertake the related expenditure of \$19,815,968 for the necessary construction and renovations. Commissioner Pollak questioned the benefit of reviewing the Clifton T. Perkins Hospital project under the Certificate of Need program given that it is sponsored by another State agency and the nature of the maximum security service involved which is offered only by the State. He requested, and Staff agreed, to examine this issue. After discussion, Commissioner Conway made a motion to approve the Staff recommendation, which was seconded by Commissioner Sensabaugh and unanimously approved.

ACTION: Certificate of Need, Clifton T. Perkins Hospital, Docket No. 07-13-2226, is hereby APPROVED.

ACTION: Devlin Manor Health Care Center, Docket No. 07-01-2194

Mr. Parker said that Devlin Manor Health Care Center applied for a Certificate of Need to construct a 30-bed addition to its existing nursing facility. He said the 30-bed addition would have four private and thirteen semi-private rooms. This project will add an 8,100 square foot building to be used as storage and to be converted to other uses as needed. Mr. Parker said, upon approval, Devlin will renovate space in its existing building to accommodate nine waiver beds that were previously authorized to Devlin Manor. Upon completion of the project, Devlin Manor will continue to offer the same continuum of care with a focus on post-acute/rehabilitative care in the new addition with its planned 3,100 square foot state-of-the-art gymnasium and café. Mr. Parker said that project is estimated to cost \$5,636,412 and will primarily be funded by mortgage-backed financing. He said Staff recommended approval of this project, subject to conditions. Commissioner Pollak made a motion to approve the Staff recommendation, which was seconded by Commissioner Falcone and unanimously approved. Commissioner Ontaneda-Bernales recused herself from voting on this matter.

ACTION: Devlin Manor Health Care Center, Docket No. 07-01-2194, is hereby APPROVED.

ACTION: Sinai Hospital of Baltimore, Docket No. 07-24-2199

Joel Riklin, Health Policy Analyst, said that Sinai Hospital of Baltimore applied for a Certificate of Need to add four mixed use operating rooms, increasing the number of operating rooms from 21 to 25. Mr. Riklin said the project will also relocate, as well as expand, the surgical waiting area, the number of pre-op beds from 10 to 20, and the number of Post Anesthesia Care Unit beds from 20 to 40. He said that, based on the analysis and findings in the Staff Report and Recommendation, Staff recommended approval of the Certificate of Need application of Sinai Hospital of Baltimore. Commissioner Pollak made a motion to approve the Staff recommendation, which was seconded by Vice Chair Wilensky and unanimously approved. Commissioner Ontaneda-Bernales recused herself from voting on this matter.

ACTION: Sinai Hospital of Baltimore, Docket No. 07-24-2199, is hereby APPROVED.

ITEM 4.

ACTION: Certificate of Need – Modification – Johns Hopkins Hospital, Docket No. 03-24-2123

Paul Parker, Chief, Certificate of Need, said that Johns Hopkins Hospital applied for a second modification to its Certificate of Need. The Hospital's project was originally approved in 2005 and previously modified in 2006. He said the project involved a major reconfiguration of the campus, which would include replacing a major portion of the current inpatient facilities and the hospital's emergency medical facilities, and replacing, as well as expanding, the diagnostic and treatment facilities. Mr. Parker noted that the modification would include a 31.5% increase in the estimated cost of the project, but that the modified cost estimate is likely to be relatively more reliable than the previous estimate because the hospital has initiated construction of the largest element of the project. He also said the estimated construction cost of the project is within the Marshall Valuation Service guidelines for hospital construction costs. Mr. Parker said that Staff found that this is a permissible modification under COMAR 10.24.01.17 and recommended that the Commission approve the proposed modification with conditions. Following discussion, Commissioner Jefferson made a motion to approve the Staff recommendation, which was seconded by Commissioner Conway and unanimously approved. Commissioner Ontaneda-Bernales recused herself from voting on this matter.

ACTION: Certificate of Need, Johns Hopkins Hospital, Docket No. 03-24-2123, is hereby APPROVED.

ITEM 5.

FINAL ACTION: COMAR 10.25.07 – Electronic Health Network Certification

Irene Battalen, Chief, Health Information Exchange, presented regulations for final action. Ms. Battalen said staff received public comment from one organization, the Maryland Hospital Association (MHA). She provided a summary of MHA's comments and said staff recommended that the Commission adopt COMAR 10.25.07 *Certification of Electronic Health Networks and Medical Care Electronic Claims Clearinghouses* without changes and as published in the December 21, 2007 *Maryland Register* to replace the existing chapter. Commissioner Falcone made a motion to approve the staff recommendation, which was seconded by Vice Chair Wilensky and unanimously approved.

ACTION: COMAR 10.25.07 – Electronic Health Network Certification is hereby ADOPTED as FINAL REGULATIONS.

ITEM 6.

FINAL ACTION: COMAR 31.11.06 – Comprehensive Standard Health Benefit Plan

Janet Ennis, Chief, Small Group Market, presented final regulations under the Comprehensive Standard Health Benefit Plan. Ms. Ennis said the regulations would add an exclusive provider organization (EPO) as an additional plan type to be offered in the small group market. She noted that the proposed regulations were approved at the November public meeting. She said once the regulations are adopted as final, plans would be able to offer EPOs effective July 1,

2008. Ms. Ennis said the regulations were published in the *Maryland Register* and that no public comments were received. Staff recommended that the Commission adopt COMAR 31.11.06 *Comprehensive Standard Health Benefit Plan* as final regulations. Following discussion, Commissioner Conway made a motion to approve the staff recommendation, which was seconded by Commissioner Pollak and unanimously approved.

ACTION: COMAR 31.11.06 – Comprehensive Standard Health Benefit Plan is ADOPTED as FINAL REGULATIONS.

ITEM #7

PROPOSED ACTION: COMAR 10.25.04 – Hospital Quality and Performance Evaluation

Pam Barclay, Center Director for Hospital Services, presented proposed regulations to amend current regulations under COMAR 10.25.04 *Hospital Quality and Performance Evaluation System*. Ms. Barclay said the amendments to the regulations will reflect new data that the Commission plans to add to the Hospital Guide, and establish a formal process for notifying hospitals of planned data reporting requirements. She said the regulations will also add key organizations involved in performance evaluation and quality improvement, including the National Quality Forum, Hospital Quality Alliance, Agency for Healthcare Research and Quality, and the Centers for Disease Control and Prevention's National Healthcare Safety Network. Ms. Barclay said the regulations have also been amended to note the Health Services Cost Review Commission's quality-based reimbursement initiative. She noted that the regulations outline how the Commission will provide formal notice to hospitals regarding the content and submission timetable for data reporting requirements. Commissioner Pollak questioned whether these regulations will allow the Commission to choose various measures to include in the Hospital Guide. Ms. Barclay said by amending the regulations, the Commission will have more flexibility when adding measures to the Guide. Commissioner Olsen recommended that the second sentence of Regulation .02A be modified to state as follows: The measures may be drawn from, but not limited to, the: There was no objection to this modification. Following discussion, Commissioner Falcone made a motion to approve the proposed regulations with the modification suggested by Commissioner Olsen, which was seconded by Commissioner McLean and unanimously approved.

ACTION: COMAR 10.25.04 – Hospital Quality and Performance Evaluation is hereby ADOPTED as PROPOSED PERMANENT REGULATIONS.

ITEM #8

PROPOSED ACTION: COMAR 31.11.14 – Wellness Benefits Under Small Employer Health Benefit Plans

Ms. Ennis presented both draft emergency regulations and draft proposed regulations under COMAR 31.11.14 *Wellness Benefits Under Small Employer Health Benefit Plans*. She said the purpose of the regulations was to set forth the requirements of a wellness benefit offered by a carrier to a small employer under Maryland's "Working Families and Small Business Health Coverage Act," enacted during the 2007 Special Session of the Maryland General Assembly. She said the regulations specify the components of a wellness benefit that include incentives or

differential cost-sharing for employees based on their participation in wellness activities. Ms. Ennis stated that COMAR 31.11.14 are joint regulations with the Maryland Insurance Administration (MIA), noting that the MIA was very instrumental in preparing these draft regulations. She said the regulations were sent to the small group market carriers for informal public comment and staff received no public comments. Ms. Ennis said that staff recommended adopting the draft regulations as both proposed permanent and as emergency regulations. Commissioner McLean emphasized the importance of requiring carriers to include clarifying language in any materials they submit to small employers that this wellness benefit offered as a rider is not meant to duplicate coverage for preventive services that currently are already covered under the existing CSHBP regulations (31.11.06.03). After some discussion, Commissioner Ontaneda-Bernales made a motion to approve the staff recommendation, which was seconded by Commissioner Jefferson and unanimously approved.

ACTION: COMAR 31.11.14 – Wellness Benefits Under Small Employer Health Benefit Plans is hereby ADOPTED as PROPOSED PERMANENT and EMERGENCY REGULATIONS.

Before turning to Item #9, Chair Moon suggested taking a 5 minute break.

ITEM #9

PRESENTATION: Characteristics of Employer-Sponsored Health Insurance: Results from the Medical Expenditure Survey: Insurance Component

Linda Bartnyska, Chief, Cost and Quality Analysis, presented a report which describes employer-sponsored health insurance coverage in Maryland. Ms. Bartnyska said the Insurance Component of the Medical Expenditure Panel Survey is an annual, national survey of business establishments and governments. She said the purpose of the survey is to obtain national and state estimates of information on employer-sponsored health insurance. She also said the establishments were chosen from a Census list of businesses with at least one employee. Ms. Bartnyska discussed the employer-based coverage among workers ages 19-64 in Maryland's private sector by firm size from 2004 through 2005. She also discussed Maryland's 2005 distribution of private-sector employees by access to employment-based coverage through their own employer and enrollment status. Ms. Bartnyska reviewed the percentage results of private-sector employees in establishments offering health insurance by firm size in Maryland compared to the U.S., as well as those enrolled in health insurance at establishments that offer health insurance by industry group. She also provided comparisons by industry group of employees who lack access to health insurance and compared those firms with minus and plus 50 employees in selected categories. Ms. Bartnyska noted that the report is available in hard copy as well as on the Commission's website.

ITEM #10

PRESENTATION: State Health Care Expenditures for 2006

Ben Steffen, Center Director for Information Services and Analysis, presented the report titled *State Health Expenditures: Experience from 2006*. Mr. Steffen said the report is prepared annually and contains information on health care expenditures for Maryland residents by public

and private sources during calendar year 2006. He said the report, which is mandated by the Maryland General Assembly, continues the Commission's effort to measure health care spending in Maryland. He also said the report found that growth in health care spending slowed for the fourth consecutive year, health care costs remain high, and cost growth still exceeded the growth in wages and personal income. Mr. Steffen discussed the major findings, which included:

- Maryland health care spending grew to \$32.7 billion, up by over \$2.3 billion, or 8%, from 2005. Since 2002, total health care spending increased at an average annual rate of 7% per year. Growth in Medicare spending accounted for \$1.1 billion, or 47%, of the total increase.
- Among the major categories of health care spending, hospital outpatient care and hospital inpatient care grew most rapidly from 2005 to 2006 and accounted for a third of the total increase in spending. Prescription drugs spending increased at 7%, while physician services increase 5%.
- Of the smaller health care sectors, home health care increased by 9% followed by other professional services. Nursing home spending increase about 6%.
- Medicare and Medicaid accounted for 39% of total health care spending in 2006, compared to 40% paid by private insurance arrangements.
- Consumer spending out-of-pocket increased 1% from 2005 to 2006, which was far less than the 8% of growth in private insurance spending.
- Payer administrative expenses and the net cost increased to 14% in 2006. From 2002-2006, these expenditures increased at an average annual rate of 13%. The 2% tax on HMO premiums and administrative costs associated with Medicare Part D contributed to the increase.

ITEM #11

ADJOURNMENT

There being no further business, the meeting was adjourned at 3:35 p.m., upon motion of Commissioner Conway, which was seconded by Commissioner Pollak and unanimously approved.